



# House of Representatives

General Assembly

**File No. 199**

January Session, 2005

Substitute House Bill No. 6517

*House of Representatives, April 6, 2005*

The Committee on General Law reported through REP. STONE, C. of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING GASOLINE FRANCHISES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-133mm of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) When a franchisor intends to sell, transfer or assign to another  
4 person the franchisor's interest in a single marketing premises that is  
5 not part of two or more marketing premises marketed as a package to  
6 sell, transfer or assign more than a single marketing premises, that the  
7 franchisee has occupied under a lease, sublease or other grant of  
8 authority to occupy such premises, such franchisor shall first: (1) Make  
9 a bona fide offer to sell, transfer or assign to the franchisee such  
10 franchisor's interests in such single marketing premises; or (2) if  
11 applicable, offer the franchisee a right of first refusal of a bona fide  
12 offer made by another acceptable to the franchisor, to purchase such  
13 franchisor's interest in such single marketing premises. The franchisee  
14 shall have forty-five days in which to accept or reject such offer made

15 under subdivision (1) or (2) of this subsection.

16 (b) When a franchisor sells, transfers or assigns the franchisor's  
17 interest in two or more marketing premises marketed as a package to a  
18 successor owner, any change in the terms and conditions of the  
19 franchise agreement in effect at the time of the sale, transfer or  
20 assignment shall be by mutual agreement of the franchisee and the  
21 successor owner. Such successor owner shall, at the expiration of the  
22 franchise agreement in effect at the time of the sale, transfer or  
23 assignment renew the franchise agreement of each franchisee for the  
24 same number of years as the agreement in effect at the time of the sale,  
25 transfer or assignment, provided such renewal shall not [exceed five  
26 years] be less than five years and in the event such franchise  
27 agreement, or any renewal thereof, requires capital expenditures of  
28 two hundred thousand dollars or more by such franchisee, not less  
29 than seven years. Any changes to the franchise agreement shall be  
30 submitted in good faith by the successor owner and negotiated in good  
31 faith by the successor owner and franchisee. The successor owner shall  
32 not require the franchisee to do the following: (1) Take part in  
33 promotional campaigns of the successor owner's products; (2) meet  
34 sales quotas; (3) sell any product at a price suggested by the successor  
35 owner or supplier; (4) keep the premises open and operating during  
36 hours which are documented by the franchisee to be unprofitable to  
37 the franchisee or during the hours after 10 p.m. and prior to 6 a.m.; or  
38 (5) disclose to the successor owner or supplier financial records of the  
39 operation of the franchise which are not related or necessary to the  
40 franchisee's obligations under the franchise agreement. Nothing in this  
41 subsection shall affect the successor owner's ability to terminate, cancel  
42 or fail to renew a franchise agreement for good cause shown.

43 (c) If such successor owner intends to sell, transfer or assign to  
44 another person such successor owner's interest in the marketing  
45 premises that the franchisee has occupied under a lease, sublease or  
46 other grant of authority to occupy such premises, the new owner shall  
47 first (1) make a bona fide offer to sell, transfer or assign to the  
48 franchisee such successor owner's interest in the marketing premises;

49 or (2) if applicable, offer the franchisee a right of first refusal of a bona  
50 fide offer made by another acceptable to the successor, to purchase  
51 such successor owner's interest in such marketing premises. The  
52 franchisee shall have forty-five days in which to accept or reject such  
53 offer made under subdivision (1) or (2) of this subsection.

54 (d) For the purposes of this section, "marketing premises" means  
55 premises which, under a franchise agreement, are to be employed by a  
56 franchisee in connection with the sale, consignment or distribution of  
57 motor fuel.

58 (e) The provisions of this section shall apply to any franchise  
59 agreement in effect on or after July 1, 2000.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	42-133mm

**GL**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill establishes requirements that apply after a gasoline franchisor has sold, transferred, or assigned its interest in two or more gasoline stations as a package to a successor. The bill has no fiscal impact.

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**OLR Bill Analysis****sHB 6517*****AN ACT CONCERNING GASOLINE FRANCHISES*****SUMMARY:**

The law establishes requirements that apply after a gasoline franchisor has sold, transferred, or assigned its interest in two or more gasoline stations as a package to a successor. Among them, the law requires successor franchisors to renew franchise agreements for the same number of years as the agreement in effect at the time of the transfer, but prohibits agreements for longer than five years. This bill instead requires renewals to be a minimum of five years and, if the agreement requires the franchisee to invest \$200,000 or more in capital expenditures, for at least seven years.

EFFECTIVE DATE: October 1, 2005

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 10      Nay 5